

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

**SUMMARY CONSOLIDATED FINANCIAL STATEMENTS AND
LIMITED INDEPENDENT AUDIT REPORT
FOR THE JANUARY 1 - JUNE 30, 2021 INTERIM PERIOD**

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 30 JUNE 2021**

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**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2021**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

		(Reviewed)	(Audited)
	Note	Current Period	Prior Period
	references	30 June 2021	31 December 2020
ASSETS			
Current Assets			
Cash and cash equivalents		13,482,699	4,591,178
Financial investments		107,308	104,565
Trade receivables			
-Trade receivables from related parties	19	186,911,882	169,376,055
-Trade receivables from non-related parties	5	51,027,545	53,441,846
Other receivables			
-Other receivables from related parties	19	-	8,328,313
-Other receivables from non-related parties		2,838,574	2,821,212
Inventories		19,300,986	17,577,262
Prepaid expenses		9,278,913	9,780,244
Other current assets		2,340,902	1,381,682
Total Current Asset		285,288,809	267,402,357
Non-current Assets			
Financial investments		313,923	313,923
Other receivables			
-Other receivables from non-related parties		10,134,379	9,604,087
Investment properties	6	158,571,359	156,248,359
Tangible assets	7	523,829,308	517,444,015
Intangible assets			
-Other intangible assets	8	11,445,757	11,445,797
Deferred tax asset	17	1,832,265	2,044,037
Other non-current assets		170,800	260,800
Total Non-current Assets		706,297,791	697,361,018
Total Assets		991,586,600	964,763,375

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

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**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2021**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

	Note references	(Reviewed) Current Period 30 June 2021	(Audited) Prior Period 31 December 2020
LIABILITIES			
Current Liabilities			
Short-term lease liability	4		
-Lease payables to related parties		2,184,316	2,184,316
-Lease payables to others		3,338,402	3,480,863
Short-term portion of long-term borrowings			
Trade payables	19		
-Trade payables to related parties	5	128,024,972	74,509,525
-Trade payables to non-related parties		56,590,436	59,163,429
Employee benefit payables		14,114,980	6,883,329
Other payables			
-Other payables to non-related parties		16,784,511	5,422,700
Deferred income	17	4,608,412	6,353,389
Current income tax liabilities		194,593	305,755
Short-term provisions	9	43,133,606	31,590,195
-Short-term provisions for employment benefits	9	43,133,606	31,590,195
-Other Short-term provisions		16,964,402	17,051,578
Other short-term liabilities		15,280,254	12,340,127
Total Current Liabilities		301,218,884	219,285,206
Non-current liabilities			
Long-term lease liabilities	4		
-Lease payables to related parties		7,295,109	7,836,237
-Lease payables to others		3,910,122	5,184,568
Deferred income		1,649,522	1,034,238
Long-term provisions			
-Long-term provisions for employment benefits	11	65,262,688	57,141,651
Deferred tax liability	17	34,963,317	34,727,284
Other Long-term provisions		1,677,917	-
Total Non-Current Liabilities		114,758,675	105,923,978
Total Liabilities		415,977,559	325,209,184

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2021**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

	Note references	(Reviewed) Current Period 30 June 2021	(Audited) Prior Period 31 December 2020
EQUITY			
Total Equity		575,609,041	639,554,191
Equity attributable to Equity holders of the parent company		578,351,012	641,415,420
Share capital	12	592,000,000	592,000,000
Inflation adjustment to share capital	12	77,198,813	77,198,813
Share premiums (discounts)		76,944	76,944
Other comprehensive income and expenses that will not be reclassified subsequently to profit or loss			
- Gain (loss) on remeasurement			
- Gain (loss) on revaluation of property	12	348,347,644	348,347,644
- Gain (loss) on remeasurement of defined benefit plans	12	(22,029,402)	(22,029,402)
Other comprehensive income and expenses that may be reclassified subsequently to profit or loss			
- Currency translation differences	12	63,154,201	76,554,966
Restricted reserves	12	117,176,268	117,176,268
Retained earnings/Accumulated deficit		(547,909,813)	(467,047,129)
Net profit (loss) for the period		(49,663,643)	(80,862,684)
Non-controlling interests		(2,741,971)	(1,861,229)
Total Liabilities and Equity		991,586,600	964,763,375

These condensed consolidated interim financial statements as at and for the period ended 30 June 2021 were approved by the Board of Directors on 19 August 2021

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2021**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

	Note	(Reviewed) Current Period 1 January - 30 June 2021	(Not Reviewed) Current Period 1 April - 30 June 2021	(Reviewed) Prior Period 1 January - 30 June 2020	(Not Reviewed) Prior Period 1 April - 30 June 2020
	references				
Sales	13	153,642,810	74,273,972	145,304,482	62,440,155
Cost of sales (-)	13	(158,357,457)	(83,136,383)	(143,487,776)	(71,924,400)
Gross profit (loss)		(4,714,647)	(8,862,411)	1,816,706	(9,484,245)
General administrative expenses (-)		(44,253,637)	(21,720,127)	(37,690,653)	(18,728,297)
Marketing expenses (-)		(34,718,172)	(19,289,950)	(28,415,446)	(14,368,284)
Other operating income		52,475,532	21,147,045	52,448,257	27,389,886
Other operating expenses (-)		(18,962,094)	(11,098,466)	(16,844,171)	(9,065,357)
Operating profit (loss)		(50,173,018)	(39,823,909)	(28,685,307)	(24,256,297)
Share of gain (loss) of investments accounted by the equity method		-	-	(2,882,401)	(1,910,643)
Income from investing activities	14	3,464,820	2,114,486	2,065,075	466,298
Expenses from investing activities (-)	15	(71,755)	-	(445,569)	(251,398)
Operating profit (loss) before finance income(expense)		(46,779,953)	(37,709,423)	(29,948,202)	(25,952,040)
Finance expenses (-)	16	(3,274,422)	(1,268,927)	(9,410,942)	(4,326,156)
Profit (loss) before tax from continuing operations		(50,054,375)	(38,978,350)	(39,359,144)	(30,278,196)
Tax income (expense) of continuing operations		797,117	(373,175)	3,869,778	2,143,837
Current tax income (expense)	17	(194,593)	(102,834)	(179,324)	(100,890)
Deferred tax income (expense)	17	991,710	(270,341)	4,049,102	2,244,727
Profit (loss) for the period from continuing operations)		(49,257,258)	(39,351,525)	(35,489,366)	(28,134,359)
Profit (loss) for the period from discontinued operations		(538,761)	2,964,093	(11,949,722)	10,222,947
Net profit (loss) for the period		(49,796,019)	(36,387,432)	(47,439,088)	(17,911,412)
Allocation of net profit (loss) for the period					
Attributable to non-controlling interests		(132,376)	341,627	(706,752)	64,441
Attributable to equity holders of the parent company		(49,663,643)	(36,729,059)	(46,732,336)	(17,975,853)
Loss per share (TRY)					
Attributable to shareholders of the parent company (Losses)		(0.0839)	(0.0620)	(0.0789)	(0.0304)

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

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FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2021**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

Note references	(Reviewed) Current Period 1 January - 30 June 2021	(Not Reviewed) Current Period 1 April - 30 June 2021	(Reviewed) Prior Period 1 January - 30 June 2020	(Not Reviewed) Prior Period 1 April - 30 June 2020
Other comprehensive income statement				
Net profit (loss) for the period	(49,796,019)	(36,387,432)	(47,439,088)	(17,911,412)
Other comprehensive income				
Other comprehensive income (expense) that will not be subsequently reclassified to profit and loss				
- Gain (loss) on revaluation of property	-	-	-	-
- Gain (loss) on revaluation for defined benefits	-	-	-	-
Taxes related to other comprehensive income (expense) that will not be subsequently reclassified to profit and loss	-	-	-	-
- Gain (loss) on revaluation of property, tax effect	-	-	-	-
- Gain (loss) on revaluation for defined benefits, tax effect	-	-	-	-
Other comprehensive Income (expense) that will be subsequently reclassified to profit and loss				
- Currency translation differences	(14,149,131)	(7,099,281)	4,905,936	(12,942,604)
- Other comprehensive income (expense) from cash flow hedges	-	-	-	-
Taxes related to other comprehensive income (expense) that will be subsequently reclassified to profit and loss	-	-	-	-
- Other comprehensive Income (expense) from cash flow hedges, tax effect	-	-	-	-
Other comprehensive income (expense)	(14,149,131)	(7,099,281)	4,905,936	(12,942,604)
Total comprehensive income (expense)	(63,945,150)	(43,486,713)	(42,533,152)	(30,854,016)
Allocation of total comprehensive Income (expense)				
Attributable to non-controlling interests	(880,742)	(308,063)	(846,081)	(437,751)
Attributable to shareholders of the parent company	(63,064,408)	(43,178,650)	(41,687,071)	(30,416,265)

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CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE INTERIM PERIOD 1 JANUARY- 30 JUNE 2021

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated).

	Note references	Share capital	Inflation adjustment to share capital	Share premiums (discounts)	Other comprehensive Income (expense) that will be subsequently Reclassified to Profit or loss		Other comprehensive Income (expense) that will not be subsequently Reclassified to Profit or loss		Accumulated Profit		Equity attributable to shareholders of the parent company		Non-controlling interests	Total equity
					Currency translation differences ⁽¹⁾	Gain (losses) on property Revaluation	Gain (losses) on remeasurement of defined benefit plan	Restricted reserves ⁽²⁾	Retained earnings / (losses)	Net profit / (loss) for the period	of the parent company			
Balances at 1 January 2020	12	592,000,000	77,198,813	76,944	64,537,704	294,701,211	(23,594,600)	117,176,268	(417,649,879)	(49,397,250)	655,049,211	(468,912)	654,580,299	
Transfers									(49,397,250)	49,397,250	-	-	-	
Total comprehensive income / (expense)		-	-	-	5,045,265	-	-	-	-	(46,732,336)	(41,687,071)	(846,081)	(42,533,152)	
-Other comprehensive income (expense)		-	-	-	5,045,265	-	-	-	-	-	5,045,265	(139,329)	4,905,936	
-Net profit (loss) for the period		-	-	-	-	-	-	-	-	(46,732,336)	(46,732,336)	(706,752)	(47,439,088)	
Balances at 30 June 2020	12	592,000,000	77,198,813	76,944	69,582,969	294,701,211	(23,594,600)	117,176,268	(467,047,129)	(46,732,336)	613,362,140	(1,314,993)	612,047,147	
Balances at 1 January 2021	12	592,000,000	77,198,813	76,944	76,554,966	348,347,644	(22,029,402)	117,176,268	(467,047,129)	(80,862,684)	641,415,420	(1,861,229)	639,554,191	
Transfers		-	-	-	-	-	-	-	(80,862,684)	80,862,684	-	-	-	
Total comprehensive income / (expense)		-	-	-	(13,400,765)	-	-	-	-	(49,663,643)	(63,064,408)	(880,742)	(63,945,150)	
-Other comprehensive income (expense)		-	-	-	(13,400,765)	-	-	-	-	-	(13,400,765)	(748,366)	(14,149,131)	
-Net profit (loss) for the period		-	-	-	-	-	-	-	-	(49,663,643)	(49,663,643)	(132,376)	(49,796,019)	
Balances at 30 June 2021	12	592,000,000	77,198,813	76,944	63,154,201	348,347,644	(22,029,402)	117,176,268	(547,909,813)	(49,663,643)	578,351,012	(2,741,971)	575,609,041	

⁽¹⁾ In accordance with the board decision dated 22 November 2017 of Pronto Media Holding, which is located in Russia as the indirect subsidiary of Trader Media East Ltd. of which of the Group owns 97.29% shares, the Group decided to discontinue the digital operations within its body and impairment losses of such operations have been recognized under “discontinued operations” in the in statement of profit (loss). Additionally, currency translation differences recognized under equity attributable to TME activities will be transferred from equity to the statement of profit or loss when the necessary conditions are met.

⁽²⁾ In 2019, The transfer is subjected to the restricted reserves.

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FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE
INTERIM PERIOD 1 JANUARY – 30 JUNE 2021**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

	Note Reference	(Reviewed) 1 January - 30 June 2021	(Reviewed) 1 January - 30 June 2020
CASH FLOWS FROM OPERATING ACTIVITIES		41,168,437	8,059,964
Net profit (loss) for the period		(49,796,019)	(47,439,088)
Profit (loss) from continuing operations		(49,257,258)	(35,489,366)
Profit (loss) from discontinued operations		(538,761)	(11,949,722)
Adjustments to reconcile profit (loss) for the period		47,064,871	54,128,474
Adjustments related to depreciation and amortization expenses	7, 8	7,465,100	7,746,494
Adjustments related to impairment / (reversal)			
Adjustments related to impairment (reversal) of receivables	5	9,484	2,342,657
Adjustments related to provision for impairment of inventories		64,464	635,755
Adjustments related to impairment (reversal) of investment property	6	(1,071,009)	304,989
Adjustments related to provision			
Adjustments related to (reversal) of provision for employment benefits	9, 11	20,799,866	11,886,507
Adjustments related to litigation and legal provisions (reversal)	9	1,692,278	8,539,687
Adjustment related to general provisions (reversals)		(197,011)	(111,686)
Adjustment related to other provisions (reversals)		(1,228,527)	(439,192)
Adjustments related to interest (income) expense			
Adjustments related to interest income		(127,126)	(118,468)
Adjustments related to interest expense	16	3,255,166	8,209,751
Deferred Financial Expense from Credit Purchases		17,109,786	12,704,865
Unearned Financial Income from Credit Sales		(4,256,294)	(931,319)
Adjustments related to undistributed profits of investments accounted at equity method			
Adjustments related to undistributed profits of associates	6	-	2,882,401
Adjustments related to tax (income) expense	17	(797,117)	(3,869,778)
Adjustments related to profit (loss) confirmation		4,345,811	4,345,811
Changes in working capital		45,107,060	3,883,722
Adjustments related to (increase) decrease in trade receivables			
(Increase) decrease in trade receivables from related parties		(17,535,827)	(46,177,007)
(Increase) decrease in trade receivables from third parties		(14,130,986)	4,889,830
Adjustments related to (increase) decrease in inventories		(1,705,129)	581,546
(Increase) decrease in prepaid expenses		501,331	57,498
Adjustments related to increase (decrease) in trade payables			
Increase (decrease) in trade payables to related parties		53,515,447	(731,694)
Increase (decrease) in trade payables to third parties		(2,572,993)	6,703,861
Increase (decrease) in payables related to employee benefits		7,231,651	8,697,120
Increase (decrease) in deferred income		(1,129,693)	(286,862)
Adjustments related to other increase (decrease) in working capital			
(Increase) decrease in other assets related to operating activities		6,911,441	35,446,436
Increase (decrease) in other liabilities related to operating activities		14,021,818	(5,297,006)

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HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE
INTERIM PERIOD 1 JANUARY – 30 JUNE 2021**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

	Note Reference	(Reviewed) 1 January - 30 June 2021	(Reviewed) 1 January - 30 June 2020
Cash generated from operations		42,375,912	10,573,108
Employment benefits paid	9, 11	(1,324,967)	(2,588,515)
Payments related to other provisions	9	(133,863)	(18,501)
Taxes returns (payments)	17	(305,755)	(169,198)
Other cash inflows (outflows)	5	557,110	263,070
CASH FLOWS FROM INVESTING ACTIVITIES		(4,062,827)	(1,368,689)
Cash inflows from sale of tangible and intangible assets		32,203	25,115
Cash outflows from purchase of tangible and intangible assets			
- Cash outflows from purchases of tangible assets	7	(3,800,906)	(1,512,272)
- Cash outflows from purchases of intangible assets	8	(421,250)	-
Interests received		127,126	118,468
CASH FLOWS FROM FINANCING ACTIVITIES		(7,603,720)	(12,591,099)
Cash outflow from rent agreements		(4,345,811)	(4,345,811)
Interests paid	16	(3,255,166)	(8,209,751)
Other cash inflows (outflows)		(2,743)	(35,537)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF EXCHANGE RATE CHANGES		29,501,890	(5,899,824)
Effects of currency translation rate changes on cash and cash equivalents		(20,610,369)	(1,678,231)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		8,891,521	(7,578,055)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		4,591,178	14,156,497
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		13,482,699	6,578,442

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 JUNE 2021**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

Hürriyet Gazetecilik ve Matbaacılık A.Ş. (“Hürriyet” or the “Company”) was established in 1960 and is registered in Turkey. The Company undertakes journalism, printing, advertising, internet publishing activities and operates seven printing plants with locations in İstanbul, Ankara, İzmir, Adana, Antalya, Trabzon and Germany.

As stated in Note 13, Doğan Şirketler Grubu Holding A.Ş., which has 552,000,000 shares registered in its shares, representing 77.67% of the issued capital of Hürriyet, has transferred to Demirören Medya Yatırımları Ticaret A.Ş. (“Demirören Medya”) on 16 May 2018. The share transfer was completed with the extraordinary general meeting held on 6 June 2018. As a result of this transaction, Demirören Media has become the main shareholder of the Company.

In addition, the issued capital of the Company was increased by TRY 40,000,000 (7.24%) from TRY 552,000,000 to TRY 592,000,000 in accordance with the decision of the Board of Directors dated November 19, 2018. Which is divided into 552,000,000 shares and each share has a nominal value of TRY 1.00 within the registered share capital of TRY 800,000,000. The issuance certificate for the capital increase was approved by the Capital Markets Board dated December 13, 2018 and numbered 63/1446., The capital increase transaction was completed with the cash payment of Demirören Medya on December 21, 2018 and the transaction was registered on 15 January 2019.

The ultimate shareholder of the company is the Demirören family.

The number of employees of the Group as of 30 June 2021 is 1,355 (31 December 2020: 1,233).

The address of the registered office is as follows:

100. Yıl Mahallesi, 2264 Sokak No:1 34204 Bağcılar/İstanbul Turkey

The Company is registered of the Capital Markets Board (“CMB”) and its shares have been quoted on the Borsa İstanbul A.Ş. (“BİAŞ or “Borsa” or “BİST”) since 25 February 1992. In accordance with the resolution numbered 21/655 on 23 July 2010 and amendment held on 30 October 2014 of CMB; according to the records of Central Securities of Depository of Turkey (CSD); shares representing %20.82 as of 30 June 2021 (31 December 2020: %20.82) of Hürriyet are accepted as “in circulation”. As of the date of the report, this ratio is %20.82 (Note 12).

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NOTE 1 – ORGANISATION AND NATURE OF OPERATIONS (Continued)

Subsidiaries

The name of the Company’s subsidiaries (“Subsidiaries”), the nature of the business and geographic segments are as follows:

Subsidiaries	Registered country	Geographic segment	Nature of business
1 Yenibiriş İnsan Kaynakları Hizmetleri Danışmanlık ve Yayıncılık A.Ş. (“Yenibiriş”)	Turkey	Turkey	Internet Publishing
2 Hürriyet Zweigniederlassung GmbH. (“Hürriyet Zweigniederlassung”)	Germany	Europe	Printing newspaper
3 Hürriyet Invest B.V. (“Hürriyet Invest”)	Netherlands	Europe	Investment
4 Trader Media East Ltd. (“TME”)	Jersey	Europe	Investment
5 Sporarena Dijital Hizmetler Pazarlama ve Ticaret A.Ş. (“Sporarena”)	Turkey	Turkey	Internet Publishing
6 Mirabridge International B.V.	Netherlands	Europe	Investment
7 OOO Pronto Samara	Russia	Russia and EE	Newspaper and internet publishing
8 ID Impress Media LLC	Russia	Russia and EE	Publishing
9 OOO Rukom	Russia	Russia and EE	Internet publishing
10 OOO Pronto Media Holding Ltd.	Russia	Russia and EE	Newspaper and internet publishing
11 OOO Rektcentr	Russia	Russia and EE	Newspaper and internet publishing
12 Publishing House Pennsylvania Inc.	The United States of America	Russia and EE	Investment
13 OOO SP Belpronto	Belarus	Russia and EE	Newspaper and internet publishing
14 Publishing International Holding BV	Netherlands	Europe	Investment

Joint Ventures	Registered country	Geographic segment	Nature of business
TOV E-Prostir	Ukraine	Europe	Internet Publishing
SP Pronto Kiev	Ukraine	Europe	Newspaper and internet publishing

Associates

Associates of the Company, registered countries, nature of businesses, geographic segments are as follows:

Associates	Registered country	Geographic segment	Nature of business
Demirören Media International GmbH. (“Demirören Media”)	Germany	Europe	Newspaper Publishing

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation

2.1.1 Preparation and presentation of financial statements

Statement of Compliance with TAS

The accompanying consolidated financial statements are prepared in accordance with 2019 TAS Taxonomy based on the requirements of Capital Markets Board (“CMB”) Communiqué Serial II, No:14.1 “Basis of Financial Reporting in Capital Markets” and Turkish Financial Reporting Standards (“TFRS”) issued by the Public Oversight Accounting and Auditing Standards Authority (“POA”), which is developed by POA and announced to the public by the decision of the POA on 15 April 2019 in accordance with paragraph 9(b) of Decree Law No. 660.

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NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of presentation (Continued)

2.1.1 Preparation and presentation of financial statements (Continued)

Statement of Compliance with TAS (Continued)

The entities are free to prepare the full-set or condensed interim financial statements in accordance with TAS 34 standards. In this framework, the Company has preferred to prepare the financial statements in the summary console in the interim periods. These interim periods condensed financial statements should be evaluated together with the consolidated financial statements for the year ended 31 December 2019

The Group records its statutory accounting records in accordance with the Tax Legislation and The Uniform Chart of Accounts (Accounting System Implementation General Communiqué) published by T.C. Ministry of Finance in Turkish Lira.

Consolidated financial tables are prepared on the historical cost basis except for lands, buildings, investment properties and derivative instruments.

2.1.2 Principle of consolidation and equity accounting methods

(a) Subsidiaries

Changes in share capital of the Group’s existing subsidiaries:

The Subsidiaries and their effective ownership interests at 31 March 2020 and 31 December 2019 are as follows:

Subsidiaries	Proportion of voting power held by Hürriyet and its Subsidiaries (%)		Effective ownership interest (%)	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
1 Yenibiriş	100.00	100.00	100.00	100.00
2 Hürriyet Zweigniederlassung	100.00	100.00	100.00	100.00
3 Hürriyet Invest	100.00	100.00	100.00	100.00
4 TME ⁽¹⁾	97.29	97.29	97.29	97.29
5 SporArena	100.00	100.00	100.00	100.00
6 ID Impress Media LLC	91.00	91.00	88.53	88.53
7 Mirabridge International B.V.	100.00	100.00	97.29	97.29
8 OOO Pronto Samara	100.00	100.00	97.29	97.29
9 OOO Rukom ⁽²⁾	100.00	100.00	97.29	97.29
10 OOO Pronto Media Holding Ltd	100.00	100.00	97.29	97.29
11 OOO SP Belpronto	60.00	60.00	58.37	58.37
12 OOO Rektcentr ⁽³⁾	100.00	100.00	97.29	97.29
13 Publishing House Pennsylvania Inc	100.00	100.00	97.29	97.29
14 Publishing International Holding BV	100.00	100.00	97.29	97.29

⁽¹⁾ The subsidiary is delisted from the London Stock Exchange as of 2 January 2020.

⁽²⁾ The subsidiary was liquidated as of 25 June 2019.

⁽³⁾ The subsidiary is in liquidation process as of 6 August 2019

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NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of presentation (Continued)

2.1.3 Comparative information and restatement of prior period financial statements

The Group's condensed consolidated financial statements are prepared comparatively with the previous period to allow for the determination of the financial position and performance trends. In the current period, in case of a necessity, prior period financial statements are reclassified in order to comply with the presentation of its current period consolidated financial statements and significant changes are explained.

2.1.4 Restatement and errors in the significant accounting policies and estimates

Any change in the accounting policies resulted from the first-time adoption of a new standard is made either retrospectively or prospectively in accordance with the transition requirements. Changes without any transition requirement, material changes in accounting policies or material errors are corrected, retrospectively by restating the prior period consolidated financial statements. If changes in accounting estimates are related to only one period, they are recognised in the period when changes are applied; if changes in estimates are related to future periods, they are recognized both in the period where the change is applied and future periods prospectively.

The accounting policies applied in these interim condensed consolidated financial statements are the same as those applied in the Group's last annual consolidated financial statements

2.1.5 New and revised Turkish Financial Reporting Standards (“TFRS”)

The accounting policies adopted in preparation of the consolidated financial statements as at March 31, 2021 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of January 1, 2021. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

a) The new standards, amendments and interpretations which are effective as at January 1, 2021 are as follows:

- Interest Rate Benchmark Reform – Phase 2 – Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16

The amendments did not have a significant impact on the financial position or performance of the Group.

b) Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the interim condensed consolidated financial statements are as follows. the Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, when the new standards and interpretations become effective.

- TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)
- TFRS 17 - The new Standard for insurance contracts
- Amendments to TAS 1- Classification of Liabilities as Current and Non-Current Liabilities
- Amendments to TFRS 3 – Reference to the Conceptual Framework
- Amendments to TAS 16 – Proceeds before intended use
- Amendments to TAS 37 – Onerous contracts – Costs of Fulfilling a Contract
- Amendments to TFRS 16 – Covid-19 Rent Related Concessions

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

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NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Summary of significant accounting policies

The financial statements for the interim period ended on 31 March 2020 are prepared in accordance with TAS 34, “Interim Financial Reporting” for the preparation of TFRS interim period financial statements.

In addition, the financial statements as of 31 March 2020 have been prepared by applying the accounting policies consistent with the accounting policies applied during the preparation of the financial statements at 31 December 2019. Therefore, the financial statements in this attached interim summary should be evaluated together with the financial statements at the end of the year ended 31 December 2019.

2.2.1 Revenue recognition

When the Group fulfills its obligation to perform the assignment by transferring a promised good or service to the customer, the Group records revenue in the financial statements. When the control of an asset is taken (or passed) by the customer, the asset is transferred.

The Group puts revenue into financial statements in accordance with the following 5 basic principles:

- Determination of customer contracts
- Determination of performance obligations in contracts
- Determination of transaction prices in contracts
- Distribution of the transaction price to performance obligations in the contract
- Recognizing revenue when each performance obligation is fulfilled

The Group recognizes a contract with the customer as a revenue if all of the following conditions are met:

- The parties to the agreement have endorsed the contract (in accordance with written, oral or other commercial conventions) and committed to their own performance,
- The Group can identify the rights of each party to the goods or services to be transferred,
- The Group is able to define the payment conditions for the goods or services to be transferred,
- The Convention is inherently commercial,
- It is probable that the Group will collect compensation for the goods or services to be transferred to the customers.

The Group considers only the ability of the customer to pay on time and the intention to do so when assessing whether the collectability of a consideration is probable.

At the beginning of the contract, the Group evaluates the goods or services it promises in the contract with the customer and defines each commitment for transfer to the customer as the obligation to act as follows:

- a) different goods or services (goods or services package) or
- b) a series of different goods or services that show great similarity and follow the same method at the time of transfer to the customer

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NOTE 2 -BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Summary of significant accounting policies (Continued)

2.2.1 Revenue recognition (Continued)

A series of different goods or services is subject to the same cycle if the following conditions are met together:

- a) Each different goods or service in the series which the Group is committed to assign to the customer constitutes a performance obligation to be completed over time, meeting the necessary conditions,
- b) In accordance with the related paragraphs of the Standard, the same method shall be used to measure the progress of the Group in respect of the fulfillment of the obligation of performance of each different goods or services constituting a unit.

When another party intervenes in the provisions of the goods or services to the customer the Group determines that it has a performance obligation to provide the goods or services itself (noble) in accordance with the nature of the commitment or to mediate such goods or services provided by another party (proxy). The group is noble if it controls the designated goods or services before transferring the goods or services to the customer. In the case of fulfillment of the obligation (or bringing it), the gross amount of the price that it waits for the transferred goods or services is taken on the financial statements as a revenue. The Group is a proxy if it acts as intermediary for the provision of goods or services for which the performance obligation has been set aside, and does not reflect the financial statement for the obligation to fulfill the obligation

The fulfillment obligations of the Group are explained below:

Obligation of Conduct	Context
Advertising Revenue	The Group's advertising revenues consist mainly of revenues from advertising in print media and digital media. As advertising is published, the simultaneous use and consumption of the clients' rights shows that the Group has transferred the control of the service overtime. Therefore, revenue is recognised in accordance with output method when the performance obligation is satisfied (as advertising is published). Unpublished portions of advertisements are recognized in the statement of financial position as a contractual obligation.
Subcontracted Printing Revenue	Subcontracted printing revenues consist of the printing services given to the companies within and outside the Group, using the printing facilities owned by the Group. Revenues generated under this service are accounted for "at a specific moment in time" when the newspaper is delivered for distribution.
Newspaper Sales (Circulation) Revenues	Circulation revenues consist of distribution company and revenue from mass sales and newspaper sales. The revenues generated under this service are accounted for "at a specific moment in time" on the date when the newspapers are shipped.

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NOTE 2 -BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Summary of significant accounting policies (Continued)

2.2.1 Revenue recognition (Continued)

The Group is an agent for some of the products and services it provides in its “Yakala.co” contracts that companies have agreed to in accordance with their digital marketing strategies. When the Group fulfills the obligation of performance for these contracts which it considers to be an agent, it puts the net amount or commission it expects to deserve into the financial statement. The net amount is the remaining amount after the Group has paid the price or commission, the portals are provided with goods or services. However, in the case of cinema tickets sold in the "Yakala.co" site operating in the field of E-commerce, the Group has an inventory risk regarding the tickets and is principle because it has the discretion in determining the price for this service. Revenue from ticket sales is not a commission income, but is recognized as gross on the financial statements.

The Group considers contractual provisions and commercial practices to determine the transaction price. The transaction price is the amount that the Group expects to qualify for the goods or services it has pledged, other than the amounts collected on behalf of third parties (eg some sales tax), for the customer transfer. Committed to a contract with a client, the price may include fixed amounts, variable amounts, or both. Group contracts can have variable amounts due to turnover based reductions, repayments, points. If the commitment price is a variable amount, the Group determines the cost of the goods or services promised to the customer through the estimated cost to be eligible for the acquisition. It is highly probable that there will not be a significant cancellation of the cumulative gross receipts in the financial statements when the uncertainty related to the variable cost is eliminated in the future because the Group can include part or all of the variable cost amount estimated by the Group. The Group considers both the likelihood and the magnitude of the cancellation of revenue, inasmuch as it is highly probable that there will not be a significant reversal of the cumulative gross receipts in the financial statements when the uncertainty regarding the variable cost subsequently disappears.

Revenue-based premiums that the Group has associated with retroactive service acquisitions to media agencies are variable costs. Revenue-based discounts determined by the Group through estimation are accounted as “contractual obligation” in the statement of financial position.

The Group offers advertising services for advertising and other products and services. The barter of the goods or services with similar characteristics and value is not defined as income generating transactions while the exchange of the goods or services with different characteristics and value is defined as those that generate income. In order to determine the transaction price related to the contracts where the customers committed to make non-cash payment, the Group measures the non- cash price at fair value. In cases where the fair value of the goods or services obtained cannot be measured reliably, revenue is recognized as the reasonable value of the goods or services received, including cash and cash equivalents transferred.

The Group records revenue from barter ad sales as based on accrual. The Group's non-published advertising revenue is recognized as “contractual obligation” in the statement of financial position.

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NOTE 2 -BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Summary of significant accounting policies (Continued)

2.2.1 Revenue recognition (Continued)

If a contract has offered the option of obtaining additional goods or services to the business customer, this option will result in a liability if the customer provides a material right not to be obtained unless the contract is signed by the contracting party. If the option gives the customer a material right, the entitled customer pays in advance for the goods or services that it will receive in the future, and the entity receives the financial statements when the goods or services to be delivered in the future are transferred or the option is terminated. If the stand-alone selling price of the customer's option to purchase additional goods or services cannot be directly observed, the entity determines this through estimation. This estimate reflects the discount that the customer would receive if he/she used the option in question, corrected for both of the following:

- (a) a discount that the customer may receive if he/she does not use the option, and
- (b) the likelihood of your choice being used.

After the customer receives a prepayment, the entity shall acquire a contractual obligation of prepayment amount in the financial statement in exchange for the obligation to transfer the goods or services in the future or prepare for the prepayment. When the entity realizes the transfer of the goods or services and therefore fulfills the obligation, the contract derives the obligation from the financial statements (and is included as revenue in the financial statements).

The awards given to the dealers and final sellers of the Group are recognized as a contractual obligation in the financial statements as the awards related to the dealership loyalty project are awarded by the customer as a party and cannot be obtained unless they are signed by the contractor. These prizes won under the Dealer Loyalty Project will be deducted from the contractual obligation and used as financial statements in the form of proceeds.

In cases where the Group has collected a customer's consideration and expects to repay part or all of the consideration to the customer in question, the Group takes the restitution obligation in the financial statements. The return obligation is measured at the cost (ie, the amounts not included in the transaction price) or at the price (or receivable) that the entity does not expect to receive. The return obligation (the change in the transaction price and therefore the contract obligation) is updated at the end of each reporting period, taking into account the changes in the terms.

The Group puts all of the following items into the financial statements in order to account for transfer of the goods and services which may be returned (together with some services provided by registration)

- (a) gross receipts for products transferred at the amount that the entity is not entitled to receive (hence the revenue for the products that are expected to be returned is not included in the financial statements)
- (b) a restitution obligation and
- (c) an asset for which the entity is entitled to recover its products upon the fulfillment of the entity's obligation to return it (and an adjustment to be made in the cost of the sales accordingly).

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NOTE 2 -BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Summary of significant accounting policies (Continued)

2.2.1 Revenue recognition (Continued)

An asset included in the financial statements within the scope of the right of withdrawal of the products from the customer for the fulfillment of the obligation of return shall be measured firstly from the previous carrying amount of the product, based on the amount to be found after deducting the expenses expected to be made within the scope of the withdrawal of these products. The Group returns the return obligation measurement at the end of each reporting period, reflecting the changes in the expected return amounts, and takes the necessary corrections as revenue (or rebates) financial statements.

The price specified for a goods or service is the selling price of that goods or service. If there are more than one good or services to be transferred to the contract, the Group distributes the transaction price to each performance obligation (or different goods or services) at a rate that indicates the price the customer expects to qualify for the transfer of the goods or services promised. In order to reach the purpose of distribution, the Group distributes the transaction price to each performance obligation determined on the contract at a relative individual selling price. To distribute the transaction price on a per-sale price basis relative to each performance obligation, the Group determines the independent sale price of the different goods or services underlying each performance liability in the contract at the beginning of the contract and distributes the transaction price in proportion to these individual selling prices.

When a party fulfills the contract, the entity presents the contract in the statement of financial position as a contractual asset or contractual obligation, depending on the relationship between the actuation of the entity and the payment of the customer. The entity separately displays unconditional rights for the cost as a receivable.

The Group represents a contractual obligation before the transfer of a good or service to the customer, in the event that the customer has a payment of the price of the customer or the price of the customer unconditionally, on the date when the payment is made or on due date, whichever is sooner. The contractual obligation is the obligation to transfer the goods or services to the customer in exchange for the amount that the entity has collected (or is entitled to collect) from the customer.

The Group presents the contract as a contractual asset, except for the amounts presented as receivables, in the event that the Group fulfills the performance by transferring the goods or services to the customer before the payment is made or the payment is made. The contract asset is the right of collecting the price for the goods or services transferred to the customer.

The Group recognizes contractual assets and liabilities in the statement of financial position as "contractual asset" and "contractual obligation" in the balance sheet.

2.2.2 Financial assets

Classification and measurement

The Group has categorized its financial assets into three accounts financial assets accounted at amortized cost, financial assets whose fair value is reflected to the statement of income and financial assets whose fair value is reflected to the other comprehensive income. Classification has been performed by considering business model according to the purpose of use and expected cash flow. Management classified its financial assets at the date that the purchase is completed.

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NOTE 2 -BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Summary of significant accounting policies (Continued)

2.2.2 Financial assets (Continued)

(a) Financial assets accounted at amortized cost:

Management, which adopted collection business model of cash flow as based on contract including only the payment of cash and the interest stemming from cash balance, classified the financial assets, which have certain and fixed payment, are not traded in active market and not derivative instrument, at amortized cost. If the maturity of the financial asset is less than 12 months, it is called current assets whereas if the maturity is more than 12 months, it is called non-current assets. The financial assets accounted at amortized cost include “Trade Receivable”, “Other Receivable” and “Cash and Cash Equivalents”. In addition to that, the trade receivables which are taken from factoring firm are classified in the financial assets accounted at amortized cost because its collection risk is not transferred.

Impairment

The Group uses the provision matrice by choosing simplified application method in the process of calculating the impairment of trade receivable because such receivables do not have significant funding component. In the case of unimpairment in the trade receivable due to any certain reasons, the Group consider that expected credit loss to be equal to lifelong expected credit loss. The calculation of provision for expected credit loss has been performed such calculation using the expected credit loss ratio determined by considering historical credit loss experience and macroeconomic indicators.

(b) Assets accounted at fair value

The assets which management adopted the collection or sale business model of cash flow resulted from contracts have been accounted at fair value. The assets as explained in previous sentence have been classified as the fixed asset if the management does not intend to sell within 12 months. The Group makes a decision about recording the fair value difference as equity investment in the income statement or the other comprehensive income for the investment on the financial assets as based on equity in the process of first record. This decision cannot be changed.

i) The asset whose fair value is recorded in the income statement

The assets whose fair value is recorded in the income statement include the “Derivative Instrument” accounts. Derivative instrument is recorded as an asset if its fair value is positive whereas derivative instrument is recorded as a liability if its fair value is negative.

ii) The asset whose fair value is recorded in the other comprehensive income

The assets whose fair value is recorded in the other comprehensive income include “Financial investment” and “Derivative instrument” accounts in the financial statement. Valuation difference has been classified in retained earnings in the case of the sale of the assets whose fair value difference is recorded in the other comprehensive income.

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NOTE 2 -BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Summary of significant accounting policies (Continued)

2.2.2 Financial assets

2.2.3 Trade receivables and provision for doubtful receivables

The Group’s trade receivables from providing goods or services to customers are carried at net of unrealized finance income “unearned financial income due to sales with maturity”. Trade receivables, net of unrealized finance income, are calculated by discounting future cash inflows of receivables carried at the original invoice amount using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition. Effective interest method is calculating the present value in accordance with the compound interest basis. The rate determined by compound interest basis and applied in this method is named “effective interest rate”. Short term receivables with indefinite interest rate are carried at cost unless the effect of imputing interest is significant (Note 5).

When calculating the impairment of trade receivables, which are recognised based on the amortised cost in financial statements and do not include an important financing component, Group preferred to adopt “simplified approach” in TFRS 9 standard.

According to “simplified approach” of TFRS 9 Standard, loss provisions concerning trade receivables are calculated equal to “lifetime expected credit loss” if trade receivables are not impaired due to valid reasons as stated in TFRS 9.

Instead of “realised credit losses model” of TAS 39, “Financial Instruments” standard which is valid before 1 January 2018, “expected credit loss model” was defined in accordance with TFRS 9 “Financial Instruments” standard. Expected credit loss is estimated by weighting credit losses, expected to occur throughout the expected life of financial instruments, based on previous statistics. When calculating the expected credit losses, realized credit losses in the previous years and forecasts of the Group are considered.

The Group uses “provision matrix” to calculate the expected credit losses of trade receivables. According to the overdue maturities of trade receivables, certain provision rates are calculated and these ratios are revised each reporting period, if necessary. The change related to the expected credit loss is recorded under other operating income/expense.

If there is a partial or whole collection over the doubtful receivable amount subsequent to the allocation of provision for doubtful receivables, the collected portion is recognized under other operating income following the deduction from total provision amount.

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NOTE 3 - SEGMENT REPORTING

a) Segment analysis for the period between 1 January – 30 June 2021:

	Turkey	Russia and EE (*)	Europe	Total
Sales	115,614,955	545,564	37,482,291	153,642,810
Cost of sales (-)	(122,359,811)	(544,424)	(35,453,222)	(158,357,457)
Gross profit/(loss)	(6,744,856)	1,140	2,029,069	(4,714,647)
Marketing expenses (-)	(34,717,982)	(190)	-	(34,718,172)
Net segment result	(41,462,838)	950	2,029,069	(39,432,819)
General administrative expenses (-)				(44,253,637)
Other operating income				52,475,532
Other operating expenses (-)				(18,962,094)
Finance expenses (-)				(3,274,422)
Income from investing activities				3,464,820
Expense from investing activities (-)				(71,755)
Profit (loss) before tax from continuing operations				(50,054,375)
Tax income (expense) for the period				(194,593)
Deferred tax income (expense)				991,710
Profit (loss) for the period from continuing operations				(49,257,258)

b) Segment analysis for the period between 1 April - 30 June 2021:

	Turkey	Russia and EE (*)	Europe	Total
Sales	54,016,916	311,236	19,945,820	74,273,972
Cost of sales (-)	(62,825,115)	(301,390)	(20,009,878)	(83,136,383)
Gross profit/(loss)	(8,808,199)	9,846	(64,058)	(8,862,411)
Marketing expenses (-)	(19,289,820)	(130)	-	(19,289,950)
Losses from investments accounted by the equity method (-)	-	-	-	-
Net segment result	(28,098,019)	9,716	(64,058)	(28,152,361)
General administrative expenses (-)				(21,720,127)
Other operating income				21,147,045
Other operating expenses (-)				(11,098,466)
Finance expenses (-)				(1,268,927)
Income from investing activities				2,114,486
Expense from investing activities (-)				-
Profit (loss) before tax from continuing operations				(38,978,350)
Tax income (expense) for the period				(102,834)
Deferred tax income (expense)				(270,341)
Profit (loss) for the period from continuing operations				(39,351,525)

(*) The information related to the discontinued operations in Russia and EE and the financial investments classified as assets held for sale is disclosed in Note 19.

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NOTE 3 - SEGMENT REPORTING (Continued)

c) Segment analysis for the period between 1 January - 30 June 2021:

	Turkey	Russia and EE (*)	Europe	Total
Sales	111,274,459	2,924,119	31,105,904	145,304,482
Cost of sales (-)	(112,375,376)	(2,181,658)	(28,930,742)	(143,487,776)
Gross profit/(loss)	(1,100,917)	742,461	2,175,162	1,816,706
Marketing expenses (-)	(28,388,698)	(26,748)	-	(28,415,446)
Losses from investments accounted by the equity method (-)	(2,882,401)	-	-	(2,882,401)
Net segment result	(32,372,016)	715,713	2,175,162	(29,481,141)
General administrative expenses (-)				(37,690,653)
Other operating income				52,448,257
Other operating expenses (-)				(16,844,171)
Finance expenses (-)				(9,410,942)
Income from investing activities				2,065,075
Expense from investing activities (-)				(445,569)
Profit (loss) before tax from continuing operations				(39,359,144)
Tax income (expense) for the period				(179,324)
Deferred tax income (expense)				4,049,102
Profit (loss) for the period from continuing operations				(35,489,366)

d) Segment analysis for the period between 1 April - 30 June 2021:

	Turkey	Russia and EE (*)	Europe	Total
Sales	46,212,921	891,717	15,335,517	62,440,155
Cost of sales (-)	(55,557,909)	(646,595)	(15,719,896)	(71,924,400)
Gross profit/(loss)	(9,344,988)	245,122	(384,379)	(9,484,245)
Marketing expenses (-)	(14,363,176)	(5,108)	-	(14,368,284)
Losses from investments accounted by the equity method (-)	(1,910,643)	-	-	(1,910,643)
Net segment result	(25,618,807)	240,014	(384,379)	(25,763,172)
General administrative expenses (-)				(18,728,297)
Other operating income				27,389,886
Other operating expenses (-)				(9,065,357)
Finance expenses (-)				(4,326,156)
Income from investing activities				466,298
Expense from investing activities (-)				(251,398)
Profit (loss) before tax from continuing operations				(30,278,196)
Tax income (expense) for the period				(100,890)
Deferred tax income (expense)				2,244,727
Profit (loss) for the period from continuing operations				(28,134,359)

(*) The information related to the discontinued operations in Russia and EE and the financial investments classified as assets held for sale is disclosed in Note 19.

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NOTE 3 - SEGMENT REPORTING (Continued)

e) Segment assets:

	30 June 2021	31 December 2020
Turkey	873,433,577	863,631,992
Russia and EE	3,321,957	2,471,131
Europe	111,709,697	95,947,367
	988,465,231	962,050,490
Unallocated assets	3,121,369	2,712,885
Total assets per consolidated financial statements	991,586,600	964,763,375

f) Segment Liabilities

	30 June 2021	31 December 2020
Turkey	382,948,920	292,742,141
Russia and EE	8,002,060	8,775,276
Europe	25,026,579	23,691,767
	415,977,559	325,209,184
Unallocated assets	-	-
Total assets per consolidated financial statements	415,977,559	325,209,184

g) Disclosures related to discontinued operations

Discontinuing the operation of digital platform of Russia and EE

In accordance with the Board of Directors decision dated 22 November 2017 of Pronto Media Holding, which is located in Russia, as the indirect subsidiary of Trader Media East Ltd, of which the Group owns 97.29% shares, the Group decided to discontinue the operations of digital platforms within its body, due to the intensity of the competition in the operating market and the lock of operational performance and classified such operations as “discontinued operations. The impairment losses due to discontinued operations recognized under “Discontinued Operations” in income statement. Information related to discontinued operations are disclosed in Note 18.

NOTE 4 - SHORT TERM AND LONG-TERM BORROWINGS

The details of financial borrowings at 30 June 2021 and 31 December 2020 are as follows:

	30 June 2021	31 December 2020
Short-term borrowings:		
Short-term lease liabilities	5,522,718	5,665,179
Total	5,522,718	5,665,179
Long-term borrowings:		
Long-term lease liabilities	11,205,231	13,020,805
Total	11,205,231	13,020,805

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NOTE 5- TRADE RECEIVABLES AND PAYABLES

Short-term trade receivables net-off of unearned finance income at 30 June 2021 and 31 December 2020 are as follows:

Short-term receivables from third parties:

	30 June 2021	31 December 2020
Trade receivables	131,276,092	132,427,883
Credit cards receivables	179,269	149,187
Notes receivable and cheques	672,095	824,532
Income accruals	983,167	786,156
Unearned finance income due from term sales	(1,042,503)	(670,822)
Less: Provision for doubtful receivables	(81,040,575)	(80,075,090)
Total	51,027,545	53,441,846

According to a revocable factoring agreement signed with Doruk Faktoring, trade receivables resulting from advertisements, amounting to TRY 37,064,508 7 (31 December 2020: TRY 40,357,090) are followed up by Doruk Faktoring. The Group has not transferred the risk of default of the receivables mentioned above and has continued to recognize its balance sheet. These receivables are related to commercial advertisements and classified ads. Weighted average maturity of the Group’s sales followed up by Doruk Faktoring is 84 days. (31 December 2020: 98 days). The unearned finance income due from term sales related to the receivables followed up by Doruk Faktoring is TRY 784,591 (31 December 2019: TRY 488,529) and the compound interest rate is 19.00% per annum (31 December 2020: 17.25%). The rate used in this method and determined on the basis of compound interest is called “effective interest rate”; the aforementioned rate has been determined taking into consideration the data of The Central Bank of the Republic of Turkey.

As of June 30, 2021 and December 31, 2020, the average maturity of the Group's receivables that are not followed up by Doruk Faktoring is 90 days.

The movements of provision for doubtful receivables are as follows:

	2021	2020
1 January	(80,075,090)	(76,092,473)
Additions during the period	(9,484)	(2,342,657)
Collections and reversals during the period	557,110	263,070
Currency translation differences	(1,513,111)	(162,027)
30 June	(81,040,575)	(78,334,087)

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NOTE 5- TRADE RECEIVABLE AND PAYABLES (Continued)

Short term trade payables to third parties:

Trade payables at 30 June 2021 and 31 December 2020 are as follows:

	30 June 2021	31 December 2020
Short-term trade payables and notes payable	55,233,461	58,799,072
Expense accruals	1,663,910	861,016
Unrealized financial expenses due to term purchases	(306,935)	(496,659)
Total	56,590,436	59,163,429

As of 30 June 2021, average turnover date of Group’s trade payables is 35 days (31 December 2020: 47 days). As of 30 June 2021, unrealized financial expense due to term purchases is TRY 306,935 (31 December 2020: TRY 496,659) and the compound interest rate is %19.00 % per annum (31 December 2020: %17.25). The compound interest used in the calculations are defined as the “effective interest rate”; the rate has been determined taking into consideration of data of The Central Bank of the Republic of Turkey.

NOTE 6 - INVESTMENT PROPERTY

The movements in investment property as of 30 June 2021 and 2020 are as follows:

	Lands	Buildings	Total
1 January 2021	124,860,397	31,387,962	156,248,359
Additions	-	1,251,991	1,251,991
Change in fair value adjustment	-	1,071,009	1,071,009
30 June 2021	124,860,397	33,710,962	158,571,359

	Lands	Buildings	Total
1 January 2021	101,907,339	31,456,672	133,364,011
Change in fair value adjustment	-	(304,989)	(304,989)
30 June 2021	101,907,339	31,151,683	133,059,022

As of 30 June 2021, mortgage has been established on the land and building investment properties with a net book value of TRY 84,027,837 in the consolidated financial statements (31 December 2020: TRY 84,027,837).

The Group’s rent income from investment properties amounted to TRY 2,337,071 as of 30 June 2021 (30 June 2020: TRY 2,010,187) (Note 14). Direct operating expense arising from investment properties during the period is TRY 3,472 (30 June 2020: TRY 18,011).

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NOTE 6 - INVESTMENT PROPERTY (Continued)

The information and fair value hierarchy level classification of lands and buildings are as follows 30 June 2021 and 31 December 2020:

	30 June 2020	Fair value as at reporting date		
		Level 1 TRY	Level 2 TRY	Level 3 TRY
Land	124,860,397	-	124,860,397	-
Building	33,710,962	-	33,710,962	-

	31 December 2020	Fair value as at reporting date		
		Level 1 TRY	Level 2 TRY	Level 3 TRY
Land	124,860,397	-	124,860,397	-
Building	31,387,962	-	31,387,962	-

NOTE 7 - PROPERTY, PLANT AND EQUIPMENT

The movements of property, plant and equipment and related accumulated depreciation for the period ended 30 June 2021 are as follows:

	1 January 2021	Currency translation differences	Additions	Disposals	30 June 2021
Cost					
Land and land improvements	370,695,708	3,584,476	-	-	374,280,184
Buildings	109,070,701	5,016,368	39,080	-	114,126,149
Machinery and equipment	705,583,669	31,597,626	612,547	(167,674)	737,626,168
Motor vehicles	920,142	-	-	-	920,142
Furnitures and fixtures	47,517,060	649,956	764,185	(100,623)	48,830,578
Leasehold improvements	14,759,799	-	13,832	-	14,773,631
Operational Lease Assets	22,781,271	-	-	-	22,781,271
Other tangible assets	6,237,728	939,409	-	-	7,177,137
Construction in progress	-	-	2,371,262	-	2,371,262
	1,277,566,078	41,787,835	3,800,906	(268,297)	1,322,886,522
Accumulated amortization					
Machinery and equipments	(692,232,872)	(31,184,092)	(2,663,866)	141,564	(725,939,266)
Motor vehicles	(878,374)	-	(21,531)	-	(899,905)
Furnitures and fixtures	(44,594,400)	(637,405)	(691,725)	94,530	(45,829,000)
Leasehold improvements	(12,536,900)	-	(572,641)	-	(13,109,541)
Operational Lease Assets	(4,780,241)	-	(2,364,356)	-	(7,144,597)
Other tangible assets	(5,099,276)	(790,754)	(244,875)	-	(6,134,905)
	(760,122,063)	(32,612,251)	(6,558,994)	236,094	(799,057,214)
Net book value	517,444,015				523,829,308

At 30 June 2021, there are mortgages on property, plant and equipment amounting to TRY 230,972,163 (31 December 2020: TRY 230,972,163)

At 30 June 2021 depreciation expense amounting to TRY 3,575,895 (30 June 2020: TRY 3,564,610) is added to cost of sales (Note 14), amounting to TRY 2,983,099 (30 June 2020: TRY 3,242,380) is added to marketing, selling and distribution and general administrative expenses. As of 30 June 2021, there are no depreciation expense is classified to discontinued operations (30 June 2020: None).

NOTE 7 - PROPERTY, PLANT AND EQUIPMENT (Continued)

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The movements of property, plant and equipment and related accumulated depreciation for the period ended 30 June 2020 are as follows:

	1 January 2020	Currency translation differences	Additions	Disposals	30 June 2020
Cost					
Land and land improvements	306,663,608	2,794,443	1,000,000	-	310,458,051
Buildings	97,134,507	3,910,741	61,950	-	101,107,198
Machinery and equipment	650,167,426	24,635,598	150,770	(3,342)	674,950,452
Motor vehicles	920,142	-	-	-	920,142
Furnitures and fixtures	45,962,891	748,073	264,023	(218,293)	46,756,694
Leasehold improvements	14,656,736	-	35,529	-	14,692,265
Operational Lease Assets	22,354,541	-	-	-	22,354,541
Other tangible assets	4,605,362	732,359	-	-	5,337,721
	1,142,465,213	32,821,214	1,512,272	(221,635)	1,176,577,064
Accumulated amortization					
Machinery and equipment	(634,516,043)	(22,285,406)	(2,808,582)	3,342	(659,606,689)
Motor vehicles	(729,768)	-	(74,302)	-	(804,070)
Furnitures and fixtures	(42,593,624)	(720,496)	(674,795)	193,178	(43,795,737)
Leasehold improvements	(11,372,416)	-	(581,099)	-	(11,953,515)
Operational Lease Assets	(4,965,601)	-	(2,456,655)	-	(7,422,256)
Other tangible assets	(3,385,854)	(555,567)	(211,557)	-	(4,152,978)
	(697,563,306)	(23,561,469)	(6,806,990)	196,520	(727,735,245)
Net book value	444,901,907				448,841,819

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NOTE 8 - INTANGIBLE ASSETS

The movements of intangible assets and related accumulated amortization for the interim period ended 30 June 2021 are as follows:

	1 January 2021	Currency translation differences	Additions	Disposals	30 June 2021
Cost					
Trade names and licenses	57,042,839	6,342,076	100,000	-	63,484,915
Customer list	423,735,679	62,682,499	-	-	486,418,178
Computer software and rights	118,072,546	16,376,751	321,250	-	134,770,547
Internet domain names	7,467,610	-	-	-	7,467,610
Other intangible assets	16,579,851	-	-	-	16,579,851
	622,898,525	85,401,326	421,250	-	708,721,101
Accumulated amortization					
Trade names and licenses	(54,514,690)	(5,764,236)	(360,235)	-	(60,639,161)
Customer list	(423,735,679)	(62,682,499)	-	-	(486,418,178)
Computer software and rights	(115,515,682)	(16,469,775)	(545,871)	-	(132,531,328)
Internet domain names	(7,467,610)	-	-	-	(7,467,610)
Other intangible assets	(10,219,067)	-	-	-	(10,219,067)
	(611,452,728)	(84,916,510)	(906,106)	-	(697,275,344)
Net Book Value	11,445,797				11,445,757

Amortization expense amounting to TRY 493.99 has been included cost of sales (Note 13) (30 June 2020: TRY 491,989) and TRY 412,107 in marketing and general administrative expenses (30 June 2020: TRY 447,515) as of 30 June 2021 there are no classified amount into discontinued operations (30 June 2019: None).

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NOTE 8 - INTANGIBLE ASSETS (Continued)

The movements of intangible assets and related accumulated amortization for the interim period ended 30 June 2020 are as follows:

	1 January 2020	Currency translation differences	Additions	Disposals	30 June 2020
Cost					
Trade names and licenses	50,763,756	2,675,877	-	-	53,439,633
Customer list	359,578,435	26,537,602	-	-	386,116,037
Computer software and rights	100,835,491	6,819,413	-	-	107,654,904
Internet domain names	7,467,610	-	-	-	7,467,610
Other intangible assets	16,559,351	-	-	(9,500)	16,549,851
	535,204,643	36,032,892	-	(9,500)	571,228,035
Accumulated amortization					
Trade names and licenses	(48,078,217)	(2,432,071)	(117,052)	-	(50,627,340)
Customer list	(359,578,435)	(26,537,602)	-	-	(386,116,037)
Computer software and rights	(97,649,739)	(6,694,180)	(355,313)	-	(104,699,232)
Internet domain names	(7,467,610)	-	-	-	(7,467,610)
Other intangible assets	(9,343,657)	-	(467,139)	9,500	(9,801,296)
	(522,117,658)	(35,663,853)	(939,504)	9,500	(558,711,515)
Net Book Value	13,086,985				12,516,520

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NOTE 9 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

As of 30 June 2021, and 31 December 2020, short term provisions are as follows:

Short Term Provisions of Employment Termination Benefits:

Provision for unused vacation rights

	30 June 2021	31 December 2020
Provision for unused vacation rights	43,133,606	31,590,195
Total	43,133,606	31,590,195

Movements of provision for unused vacation rights during the periods ended at 30 June 2021 and 2020 are as follows:

	2021	2020
1 January	31,590,195	17,148,260
Additions during the period	11,864,050	6,671,754
Payments related to provisions	(510,188)	(809,276)
Currency translation differences	189,549	233,398
30 June	43,133,606	23,244,136

Other Short-Term Provisions:

Provision for lawsuit and compensation

Provisions:	30 June 2021	31 December 2020
Provision for lawsuit and compensation	16,964,402	17,051,578
Total	16,964,402	17,051,578

The lawsuits against the Group amounted to TRY 18,497,863 (31 December 2020: TRY 18,034,500). The Group recognises provision related to cases when there is a legal or valid liability resulting from past event and it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimation can be made of the amount of the obligation. As a result of these analysis, as of 30 June 2020 the Group has set a provision of TRY 16,964,402 for lawsuits (31 December 2020: TRY 17,051,578) but not sure about the payment maturity for the litigation.

As at 30 June 2021 and 31 December 2020, ongoing lawsuits against the group are as follows:

	30 June 2021	31 December 2020
Legal lawsuits	7,792,632	7,917,139
Labor lawsuits	10,635,231	10,112,361
Commercial lawsuits	70,000	5,000
Total	18,497,863	18,034,500

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NOTE 9 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Other Short-Term Provisions (Continued)

Provision for lawsuit and compensation (Continued)

Movements of provision for lawsuits for the periods ending 30 June 2021 and 2020 are as follows:

	2021	2020
1 January	17,051,578	9,092,050
Additions during the period	1,692,278	8,539,687
Payments related to provisions	(133,863)	(18,501)
Provision reversed	(1.702.578)	(529.290)
Currency translation differences	56,987	(14,823)
30 June	16,964,402	17,069,123

NOTE 10 – COMMITMENTS

CPM’s given by the Group

As given in the table below, there are no CPM’s given to third parties,

Shares belonging to the main shareholder of the Company were purchased by Demirören Media on 16 May 2018. Lenders have the right to place mortgages and pledges on the assets of the Company in the context of shareholder purchase agreement. There is no mortgage or pledge by the lender as of the reporting date.

Commitments and contingencies which the management does not expect significant losses or liabilities are as follows:

Barter agreements:

The Group, as a common practice in the media sector, enters into barter agreements which involve the exchange of goods or services without cash collections or payments. As of 30 June 2021, the Group has unused publication of advertisements commitment amounting to TRY 3,891,864 (31 December 2020: TRY 5,518,127) within these barter contracts. The Group has TRY 260,564 amounted receivables as of 30 June 2021 (31 December 2020: TRY 738,252) which were invoiced and recognized to financial statements but not yet goods or services were received.

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NOTE 10 - COMMITMENTS (Continued)

The Group’s collaterals/pledge/mortgage (“CPM”) position as of 30 June 2021 and 31 December 2020 are as follows:

	30 June 2021		31 December 2020	
	Foreign Currency	TRY Equivalent	Foreign Currency	TRY Equivalent
A. CPM's given in the name of its own legal personality				
- Collaterals				
TRY	1,743,403	1,743,403	2,049,204	2,049,204
Russian Ruble ⁽²⁾			-	-
- Warranty notes				
TRY	203,937	203,937	203,937	203,937
Euro	25,000	259,113	25,000	225,198
- Mortgages				
Euro			-	-
US Dollar	2,500,000	21,763,000	2,500,000	18,351,250
B. Total amount of CPM's given on behalf of the fully consolidated companies ⁽¹⁾				
- Collaterals				
TRY	357,505	357,505	357,505	357,505
US Dollar	2,500,000	21,763,000	2,500,000	18,351,250
Euro				
Russian Ruble ⁽²⁾				
C. Total amount of CPM's given on behalf of third parties for ordinary course of the business	-	-	-	-
D. Total amount of other CPM's given	-	-	-	-
i) Total amount of CPM’s given on behalf of the majority shareholder	-	-	-	-
ii) Total amount of CPM’s given on behalf of other Group companies which are not in scope of B and C	-	-	-	-
TRY			-	-
USD	-	-	-	-
US Dollar	-	-	-	-
iii) Total amount of CPM’s given on behalf of third parties which are not in scope of 3	-	-	-	-
Total		46,089,958		39,538,343

The shares belonging to the main shareholder of the Group were purchased by Demirören Medya on 16 May 2018. Based on the agreements made between Demirören Medya and the lending institutions at the time of the purchase, the lending institutions have the right to mortgage and pledge the Group's assets. As of the report date, there is a mortgage of TRY 315,000,000 placed on the Group's real estate by the lender.

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NOTE 11- PROVISION FOR EMPLOYEE BENEFITS

Provision for employment termination benefits at 30 June 2021 and 31 December 2020 are as follows:

Long term provisions for employment termination benefits

	30 June 2021	31 December 2020
Provision for employment termination benefits	65,262,688	57,141,651
Total	65,262,688	57,141,651

Except the legal requirements other than Turkey in which the Group operates, there are no pension plans and benefits.

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who is called up for military service, dies or retires. The maximum amount payable equals to one month of salary is TRY 7,638,96 as of 31 June 2021 (31 December 2020: TRY : 7,117,17) for each year of service. In employee termination benefits provision calculation Group has taken into consideration the ceiling amount TRY 8,284,51 which is effective from 30 June 2020 (31 December 2020: TRY 7,638,96 effective from 1 January 2021).

On the other hand, the Group is liable to make payments to personnel who work for a minimum of 5 years and whose employment is terminated due to any cause in accordance with the regulations with regards to Employees Employed in the Press Sector. The maximum payable amount is 30 days’ salary for each year of service. Employment termination benefit liabilities are not subject to any funding and there are no legal requirements for funding of these liabilities.

Provision for employment termination benefits is calculated by estimating the present value of the future probable obligation arising from the retirement probability of the employees of the Group.

TAS 19 Employee Benefits, requires companies to compute their liabilities by developing actuarial assumptions within defined benefit plans. According to the report prepared by Actuarial firm in order to calculate total liability, the assumptions below are used:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 30 June 2021, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement probability of the employees.

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NOTE 11 - PROVISION FOR EMPLOYEE BENEFITS (Continued)

Long term provisions for employment termination benefits (Continued)

Age of retirement is based on considering the Company’s historical operating data and taken as the average age of retirement from the Group.

The movements in provision for employment termination benefits during the periods ended at 30 June 2021 and 2020 are as follows:

	2021	2020
1 January	57,141,651	52,358,307
Service cost during the period	8,402,284	2,163,345
Interest cost during the period	533,532	3,051,408
Payments and reversal of provisions during the period	(814,779)	(1,779,239)
30 June	65,262,688	55,793,821

NOTE 12– EQUITY

The Company adopted the registered share capital system and set a ceiling on its registered share capital representing registered type shares with a nominal value of TRY 1. There are no privileged shares. The Company’s historical authorized and paid-in share capital at 30 June 2021 and 31 December 2020 are as follows:

	30 June 2021	31 December 2020
Paid-in share capital	800,000,000	800,000,000
Registered share capital	592,000,000	592,000,000

The Companies in Turkey may exceed the limit for registered share capital in case of issuance of free capital shares to existing shareholders.

Doğan Şirketler Grubu Holding A.Ş., which has 552,000,000 units of shares registered by Central Securities Depository of Turkey, representing 77.67% of the issued capital of Hürriyet, has transferred to Demirören Medya. The share transfer was completed with the extraordinary meeting held on 6 June 2018. As a result of this transaction, Demirören Media became the main shareholder of the Company. The ultimate shareholder of the Company is the Demirören Family.

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NOTE 12 - EQUITY (Continued)

Shareholders	30 June 2020	Share (%)	31 December 2019	Share (%)
Demirören Medya	468,732,788	79.18	468,732,788	79.18
Other shareholders (BİAŞ ve other shareholders)	123,267,212	20.82	123,267,212	20.82
Issued share capital	592,000,000	100.00	592,000,000	100.00
Adjustment to share capital	77,198,813		77,198,813	
Total	669,198,813	100.00	669,198,813	100.00

In accordance with the Capital Markets Board’s (the “CMB”) Resolution No: 31/1059 30 October 2014 and Resolution No. 21/655 issued on 23 July 2010, it is regarded that 20.66% of the shares are in circulation in accordance with CSD as of 30 June 2021 (31 December 2020: %20.82) (Note 1). Shares in circulation rate is %20.82 as of reporting date.

Adjustment to share capital represents the difference between balances which restatement effect of cash contributions to share capital equivalent purchasing power and balance before the inflation adjustment calculated.

Accumulated other comprehensive income/expenses that will not be reclassified in profit and loss

Other comprehensive income (expenses) occurred from the gain or losses based on revaluation and measurement and which are not to be reclassified in profit or loss, are related with the defined benefit plans and summarized below:

	30 June 2021	31 December 2020
Gain/(loss) from revaluation of property	348,347,644	348,347,644
Remeasurement gain (loss) in defined benefit plans	(22,029,402)	(22,029,402)
Total	326,318,242	326,318,242

The increase of TRY 348,347,644 in the fair value assessment for the financial period of 30 June 2021 for the consolidated financial statement has accounted under a shareholder's securities value increase fund under equity after its tax effect. A fair value assessment has not been taken for tangible assets for the period of 1 January 2021 and 30 June 2020.

The employee termination benefit provision is calculated according to the value of the benefits that the Group is liable for with today's monetary value. The Group has accounted all the actuarial loss and gains regarding employee terminations under the income statement as other income and other expense. The value for reassessed estimation differences accounted under equity is TRY 22,029,402 (31 December 2020: TRY 22,029,402).

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NOTE 12 - EQUITY (Continued)

Accumulated other comprehensive income and (expenses) that will not be reclassified in profit and loss (Continued)

	30 June 2021	31 December 2020
Currency translation differences	63,154,201	76,554,966
Total	63,154,201	76,554,966

Restricted reserves

Restricted reserves are reserved from the prior period profit due to legal or contractual obligations or for certain purposes other than the profit distribution (for example, to obtain the tax advantage of gain on sale of associates). Restricted reserves are in the scope of solo legal records in accordance with Turkish Commercial Code and Tax Procedure Law.

The legal reserves are appropriated out in accordance with the Article 519 of Turkish Commercial Code (TCC) and are used according to the procedures specified in this Article. Related amounts have to be classified in “Restricted Reserves” (except for inflation differences) in accordance with TAS.

In accordance with TAS, The Company’s restricted reserves amounting to TRY 117,176,268 as of 30 June 2021 (31 December 2020: TRY 117,176,268) consist of legal reserves and gain on sale of real estate and affiliates and R&D incentive grant.

	30 June 2021	31 December 2020
Gain on sale of real estate ⁽¹⁾	56,728,014	56,728,014
General legal reserves	59,265,973	59,265,973
Gain on sale of subsidiary	683,990	683,990
Research and development grant	498,291	498,291
Total	117,176,268	117,176,268

⁽¹⁾ With the decision taken by the Group management, the real estate profit with the amount of TRY 86,647,154 occurred in statutory records from the gain of warehouse sale in Trabzon, sale of lands located in Gaziemir, Izmir and Esenyurt, Istanbul in 2014, gain from sale of investment property in Ankara Cinnah in 2016 and gain of land sale in Muğla Milas and Bağcılar, Istanbul in 2017, amounting to TRY 56,728,014 of total amount that benefits from the exemption referred to in Article 5-1/e of the Corporate Tax Law will not be involved in allocation of profits for periods 1 January 2014 - 31 December 2014, 1 January 2016 - 31 December 2016, 1 January 2017 - 31 December 2017, 1 January 2018 - 31 December 2018, 1 January 2019 - 31 December 2019 and 1 January 2020 - 31 December 2020 in compliance with the Tax Legislation, Capital Market Legislation and any other fiscal legislations, and will be deposited in a special fund account in liabilities.

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NOTE 12- EQUITY (Continued)

Dividend distribution

The Company takes dividend distribution decision in General Assembly by taking into account Turkish Commercial Code (TCC), Capital Markets Law (CMB) and Capital Market Regulations, Corporate Tax, Income Tax, other relevant legislations and relevant legislations of the Articles of Association of the Company and "Dividend Distribution Policy". The principles of dividend distribution are determined by Dividend Distribution Policy.

On the other hand,

- a) In first adoption of TAS/TFRS, retained earnings resulted from redrafting of comparative financial statements in line with regulations,
- b) "Equity inflation adjustment differences" resulting from restricted reserves without any record preventing dividend distribution,
- c) Retained earnings resulting from the first time of inflation adjustments, can be distributed to the shareholders as dividend.

Besides, in case "Equity Effect Related to the Share Purchase" account is in the consolidated financial statement of equity, aforementioned account item is not considered as discount or premium item while calculating the net distributable profit.

NOTE 13 - SALES AND COST OF SALES

Sales

The detail of sales for the years ended 30 June 2021 and 2020 are as follows:

	1 January- 30 June 2021	1 April- 30 June 2021	1 January- 30 June 2020	1 April- 30 June 2020
Advertising revenue	88,385,026	54,016,919	59,245,696	24,335,288
Circulation and publishing sales	59,633,998	19,945,818	74,535,485	33,350,832
Other	5,623,786	311,235	11,523,301	4,754,035
Net Sales	153,642,810	74,273,972	145,304,482	62,440,155
Cost of sales (-)	(158,357,457)	(83,136,383)	(143,487,776)	(71,924,400)
Gross profit (loss)	(4,714,647)	(8,862,411)	1,816,706	(9,484,245)

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NOTE 13 - SALES AND COST OF SALES (Continued)

Sales (Continued)

	Printing Media 1 January- 30 June 2021	Digital Media 1 January- 30 June 2021	Printing Media 1 January- 30 June 2020	Digital Media 1 January- 30 June 2020
Domestic	88,346,772	27,268,183	82,000,405	29,274,055
Foreign	37,482,291	545,564	31,105,903	2,924,119
Total Sales	125,829,063	27,813,747	113,106,308	32,198,174

Performance Obligations

Circulation sales	50,265,285	-	58,851,328	-
Subcontracted printing sales	9,368,713	-	15,684,157	-
Advertising sales	61,116,843	27,268,183	29,971,641	29,274,055
Other sales	5,078,222	545,564	8,599,182	2,924,119
Performance Obligations	125,829,063	27,813,747	113,106,308	32,198,174

**Fulfillment of the
Performance Obligations**

In time	64,712,220	545,564	83,134,667	2,924,119
At a specific moment in time	61,116,843	27,268,183	29,971,641	29,274,055
Performance Obligations	125,829,063	27,813,747	113,106,308	32,198,174

Cost of Sales

The details of cost of sales for the periods ended 30 June 2021 and 2020 are as follows:

	1 January- 30 June 2021	1 April - 30 June 2021	1 January- 30 June 2020	1 April - 30 June 2020
Raw material	(50,809,350)	(25,723,003)	(49,174,597)	(22,438,072)
<i>Paper</i>	(25,119,129)	(13,330,556)	(23,456,169)	(10,316,175)
<i>Printing and ink</i>	(18,310,581)	(9,663,470)	(14,284,210)	(6,314,074)
<i>Other</i>	(7,379,640)	(2,728,977)	(11,434,218)	(5,807,823)
Personnel expenses	(74,017,124)	(38,920,817)	(68,037,706)	(36,738,846)
Depreciation Expenses (Note 8,9)	(4,069,894)	(1,880,830)	(4,056,599)	(1,864,860)
Agency expenses	(4,870,490)	(2,757,061)	(5,185,101)	(2,670,967)
Distribution, storage and travel expenses	(2,373,579)	(1,302,568)	(1,509,541)	(503,141)
Fuel, electricity, water and office expenses	(3,943,977)	(2,160,205)	(3,359,560)	(1,678,921)
Outsourced services	(2,019,229)	(990,712)	(1,692,778)	(834,358)
Communication expenses	(1,885,759)	(824,705)	(1,975,214)	(1,155,338)
Maintenance and repair expenses	(1,597,998)	(843,581)	(1,631,856)	(895,926)
Rent expenses	(1,246,362)	(700,981)	(303,332)	(75,699)
Packaging expenses	(217,747)	(119,072)	(760,989)	(309,872)
Other	(11,305,948)	(6,912,848)	(5,800,503)	(2,758,400)
Total	(158,357,457)	(83,136,383)	(143,487,776)	(71,924,400)

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NOTE 14- INCOME FROM INVESTING ACTIVITIES

The details of income from investing activities for the periods ended at 30 June 2021 and 2020 are as follows:

	1 January- 30 June 2021	1 April - 30 June 2021	1 January- 30 June 2020	1 April - 30 June 2020
Rent income (Note6)	2,337,071	1,184,221	2,010,187	1,019,140
Gain on sale of tangible assets and investment properties	56,740	30,265	54,888	(552,842)
Gain on change in fair value of investment properties (Note 6)	1,071,009	900,000	-	-
Total	3,464,820	2,114,486	2,065,075	466,298

NOTE 15- EXPENSE FROM INVESTING ACTIVITIES

The details of expenses from investing activities for the periods ended at 30 June 2021 and 2020 are as follows:

	1 January- 30 June 2021	1 April - 30 June 2021	1 January- 30 June 2020	1 April - 30 June 2020
Loss on change in fair value of investment properties (Note 7)	-	-	(304,989)	(250,628)
Loss from sale of tangible assets and investment properties	-	-	(1,695)	(770)
Expenses related to investment properties	(71,755)	-	(138,885)	-
Other	-	-	-	-
Total	(71,755)	-	(445,569)	(251,398)

NOTE 16- FINANCIAL INCOME / EXPENSES

The details of financial expenses for the periods ended at 30 June 2021 and 2020 are as follows:

	1 January- 30 June 2021	1 April - 30 June 2021	1 January- 30 June 2020	1 April - 30 June 2020
Interest expense on bank loans	(3,255,166)	(1,188,034)	(8,209,751)	(3,362,814)
Foreign exchange income/(losses), net	71,824	(30,136)	(957,143)	(877,559)
Loan commission, bank costs and factoring expenses	(91,080)	(50,757)	(101,910)	(43,824)
Other	-	-	(142,138)	(41,959)
Total	(3,274,422)	(1,268,927)	(9,410,942)	(4,326,156)

NOTE 17- INCOME TAXES

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Assets related to current period tax:

	30 June 2021	31 December 2020
Corporate and income tax payable	194,593	-
Less: Prepaid taxes	-	305,755
Deferred tax liabilities, net	194,593	305,755

The Company and its subsidiaries established in Turkey and other countries in the scope of consolidation, associates and joint ventures are subject to the tax legislation and practices in force in the countries they are operating.

The corporate tax rate in Turkey is 25% (However, it will be applied as 23% for the corporate earnings of the institutions for the 2022 taxation periods, and 20% for the year 2023 and beyond.) The corporate tax rate is the addition of the expenses that are not considered to be deductible in accordance with the tax laws to the commercial income of the corporations. is applied to the net corporate income to be found as a result of deducting the exceptions and deductions in the tax laws. Corporate tax is declared until the evening of the twenty-fifth day of the fourth month following the end of the relevant year and is paid until the end of the relevant month.

Companies calculate a provisional tax of 25% on their quarterly financial profits (23% for the taxation periods of 2022, 20% for the year 2023 and beyond) and declare until the 17th day of the second month following that period and pay it until the evening of the seventeenth day. The temporary tax paid during the year belongs to that year and is deducted from the corporate tax to be calculated over the corporate tax return to be submitted in the following year. If the amount of temporary tax paid remains despite the deduction, this amount can be refunded in cash or set off against any other financial debt to the government.

According to the Corporate Tax Law, financial losses shown on the declaration can be deducted from the corporate tax base of the period not exceeding 5 years. Declarations and related accounting records can be examined within five years of tax.

Turkish tax legislation does not permit a parent company with its subsidiaries to file a tax declaration on its consolidated financial statements. Thus, tax liabilities recognized in the Consolidated Financial Statements of the Group are separately calculated for all subsidiaries included in the scope of consolidation. On the statement of financial position as of June 30, 2021 and December 31, 2020, taxes payable is netted off for each subsidiary and are separately classified in the Consolidated Financial Statements.

Corporate tax rate in Turkey is 25% (31 December 2020: 22%).

The tax rates which are used for the deferred tax calculation in accordance with Tax Legislation of each country as of 30 June 2021 are as follows:

Country	Tax Rate (%)
Germany	28
Belarus	18
Russia	20
Netherland	25

NOTE 17- INCOME TAXES (Continued)

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Deferred Tax

The Group recognizes deferred tax assets and liabilities based on temporary differences arising between the financial statements as reported for Financial Reporting Standards announced by Public Oversight Authority and financial statements prepared in accordance with the tax legislation. These differences usually stem from the income and expense to be accounted in different period because of the difference between Financial Reporting Standards announced by Public Oversight Authority and Tax legislation.

Deferred taxes are calculated on temporary differences that are expected to be realized or settled based on the taxable income in coming years under the liability method using tax rates enacted at the balance sheet dates.

Deferred tax assets and liabilities are presented in net in the consolidated financial statements of the Group, since they are presented in net in the financial statements of subsidiaries and joint ventures, which are each individual tax payers. Temporary differences deferred tax assets and deferred tax liabilities at the table below are presented based on gross amounts.

	30 June 2021	31 December 2020
Deferred tax liabilities	(34,963,317)	(34,727,284)
Deferred tax assets	1,832,265	2,044,037
Deferred tax liabilities, net	(33,131,052)	(32,683,247)

The temporary differences and deferred tax assets/(liabilities) using the enacted tax rates as of 30 June 2021 and 31 December 2020 are as follows:

	Total temporary differences		Deferred tax assets/ (liabilities)	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Provision for employee termination benefits and unused vacation rights	106,759,949	87,469,541	21,351,303	19,243,298
Difference between tax base and carrying value of trade receivables	34,770,021	34,751,402	6,954,004	7,645,309
Deferred income	3,839,599	3,470,799	767,920	763,576
Operational assets reclassification (TFRS 16)	1,565,615	1,159,294	313,123	255,045
Difference between tax bases and carrying value of property, plant and equipment and intangibles	(392,893,724)	(384,529,751)	(50,611,372)	(48,383,650)
Investment properties fair value differences	(180,056,371)	(178,985,363)	(18,164,915)	(17,961,148)
Other, net	30,926,474	26,207,588	6,258,885	5,754,323
Total	(395,088,437)	(410,456,490)	(33,131,052)	(32,683,247)

As of 30 June 2021, Group’s total deductible loss of which deferred tax assets have not been calculated are TRY 516,203,979 (31 December 2020 : TRY 516,203,979).

The movements of net deferred tax liabilities for the periods ended 30 June 2021 and 2020 are as follows:

	1 January- 30 June 2021	1 January- 30 June 2020
Current tax income/(expense)	(194,593)	(179,324)
Deferred tax income/(expense)	991,710	4,049,102
Total	797,117	3,869,778

NOTE 18- ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED

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OPERATIONS

a) *Discontinuing the digital operation in Russia and EE*

The Board of Directors of Pronto Media Holding, which is located in Russia as the indirect subsidiary of Trader Media East Ltd. (“TME”). That owned by 97.29% by the Group, has decided to discontinue the digital operations on 22 November 2017 due to the operational performance below the desired level. In accordance with the decision, digital operations under Pronto Media Holding are classified as “Discontinued Operations”. The impairment losses due to discontinued operations are recognized under “Discontinued Operations” in the statement of profit/loss.

The Group may derecognize its operations abroad in the form of sales, liquidation, repayment of capital or partial or complete abandonment of the entity. A reduction in the carrying amount of an overseas entity will not result in a partial elimination because of its own loss or impairment recognized by the investor. Therefore, any gain or loss on exchange rate differences recognized in other comprehensive income is not reclassified to profit or loss when the impairment loss is recognized.

The Group has monetary liabilities and receivables arising from foreign operations that are not part of the net investment in the foreign operations during the current period. Exchange differences arising from these transactions are recognized in equity under currency translation differences in the Consolidated Financial Statements and will be reflected to profit or loss during sale or wholly liquidation of the net investment.

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NOTE 19 - RELATED PARTY DISCLOSURES

i) Balances of related parties:

a) Short term trade receivables from related parties:

	30 June 2021	31 December 2020
Trade receivables from related parties		
Milliyet Gazetecilik Yayıncılık A.Ş.	85,035,835	68,043,875
Demirören Reklam ve Yatırım A.Ş.	62,588,164	68,069,903
Demirören Media International GmbH	23,518,575	13,510,329
Demirören Yayıncılık ve Gazetecilik A.Ş. ⁽¹⁾	14,270,360	15,705,619
Other	1,498,948	4,046,329
	186,911,882	169,376,055

b) Short term payables to related parties:

	30 June 2021	31 December 2020
Trade payables to related parties		
Yelda Haber ve Görsel Yayıncılık A.Ş. ⁽²⁾	114,985,791	61,998,227
Demirören Media International GmbH	9,674,448	9,820,632
Demirören Holding A.Ş.	-	2,109,902
Other	3,364,733	580,764
	128,024,972	74,509,525

c) Other receivables from related parties

	30 June 2021	31 December 2020
Short term other receivables from related parties:		
Demirören Medya Yatırımları A.Ş.	-	8,328,313
	-	8,328,313

⁽¹⁾In 2020, Demirören Yayıncılık ve Gazetecilik A. Ş. and Demirören Gazetecilik A.Ş. combined.

⁽²⁾In 2020, Yelda Haber ve Görsel Yayın. A.Ş. and DTV Haber ve Görsel Yayın. A.Ş. combined.

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NOTE 19- RELATED PARTY DISCLOSURES (Continued)

ii) Significant transactions with related parties

Related party transactions for the interim periods ending on 30 June 2020 and 2019 are as follows:

a) Significant service and product sales to related parties:

	1 January - 30 June 2021	1 April - 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2020
Demirören Reklam ve Yatırım A.Ş.	26,796,291	14,270,290	22,214,665	11,587,991
Demirören Yayıncılık ve Gazetecilik A.Ş. ⁽¹⁾	17,999,309	9,762,471	10,929,829	4,642,239
Milliyet Gazetecilik Yayıncılık A.Ş.	16,049,912	8,436,488	6,948,894	3,846,107
Taksim Gayrimenkul Yatırımı Geliştirme ve İşletme. A. Ş.	5,418,700	2,777,462	-	-
Yelda Haber ve Görsel Yayın. A.Ş. ⁽²⁾	2,650,005	1,801,918	2,396,558	2,388,246
Demirören Medya Yatırımları A.Ş.	55,659	21,097	3,609,083	1,533,525
Other	6,200,500	3,167,977	2,905,415	1,912,331
	75,170,376	40,237,703	49,04,444	25,910,439

b) Significant service and product purchases from related parties:

	1 January - 30 June 2021	1 April - 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2020
Taksim Gayrimenkul Yatırımı Geliştirme ve İşletme. A.Ş.	5,418,700	2,777,462	-	-
Demirören Teknoloji A.Ş.	3,696,574	2,023,221	3,610,748	1,948,130
Demirören Ajansı A.Ş. ⁽³⁾	3,377,675	1,674,300	3,399,403	1,698,969
Demirören Medya Yatırımları A.Ş.	2,840,181	1,412,852	3,649,942	2,045,142
Milliyet Gazetecilik Yayıncılık A.Ş.	2,323,604	1,156,745	1,527,750	861,382
Demirören Yayıncılık ve Gazete. A.Ş. ⁽¹⁾	2,208,629	1,139,483	1,974,240	1,039,649
Demirören Reklam ve Yatırım A.Ş.	1,141,586	525,658	1,483,934	955,848
Andromeda TV Dijital Platform Hizmetleri A.Ş. ⁽⁴⁾	914,508	475,763	800,313	421,162
Other	2,383,518	1,252,575	1,839,742	1,355,619
	24,304,975	12,438,059	19,078,542	10,779,635

c) Other income from related parties

	1 January - 30 June 2021	1 April - 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2020
Demirören Televizyon Yayın. A.Ş. ⁽⁵⁾	3,324,321	1,763,515	3,230,793	1,494,783
Milliyet Gazetecilik Yayıncılık A.Ş.	1,504,667	828,665	1,581,275	778,778
Andromeda TV Dijital Platform Hizmetleri A.Ş. ⁽⁴⁾	1,440,036	799,900	1,262,508	674,445
Demirören Yayıncılık ve Gazete. A.Ş. ⁽¹⁾	1,264,904	673,856	981,125	504,167
Demirören Ajansı A.Ş.	789,025	469,189	286,103	136,533
Yelda Haber ve Görsel Yayın. A.Ş. ⁽²⁾	577,880	354,370	391,707	272,249
Demirören Medya Yatırımları A.Ş.	510,423	362,504	-	-
Demirören Teknoloji A.Ş.	261,800	140,078	266,518	103,012
Other	1,096,070	593,145	655,091	259,654
	10,769,126	5,985,222	8,655,120	4,223,621

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NOTE 19- RELATED PARTY DISCLOSURES (Continued)

ii) Significant transactions with related parties (Continued)

	1 January - 30 June 2021	1 April - 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2020
Financial expense:				
Yelda Haber ve Görsel Yayın. A.Ş.	7,494,965	4,568,475	361,997	297,307
Andromeda TV Dijital Platform Hizmetleri A.Ş. (4)	-	-	60,174	60,174
Other	11,639	6,450	55,440	25,313
	7,506,604	4,574,925	477,610	382,794

(1)In 2020, Demirören Yayıncılık ve Gazetecilik A. Ş. and Demirören Gazetecilik A.Ş. combined.

(2)In 2020, Yelda Haber ve Görsel Yayın. A.Ş. and DTV Haber ve Görsel Yayın. A.Ş. combined.

(3)In 2020, Demirören Haber Ajansı A. Ş. and Demirören Ajansı A. Ş. combined.

(4)In 2020, Demirören TV Digital Platform İşletmeciliği A.Ş. and Andromeda TV Digital Platform İşletmeciliği A.Ş. combined.

(5) In 2020 , Demirören TV Holding A.Ş. and Demirören Televizyon Yayıncılığı A. Ş. combined .

iii) Key Management Personnel:

	1 January - 30 June 2021	1 April - 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2020
Salaries and other short-term benefits	1,767,458	1,051,334	2,900,830	1,495,351
	1,767,458	1,051,334	2,900,830	1,495,351

The Company determined the key management personnel as Board of Directors and Executive Committee. Benefits provided to key management personnel consisted of wage, premium, health insurance, transportation and post-employment benefits.

NOTE 20- NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS

21.1 Financial Risk Management

Foreign currency risk

The Group is exposed to foreign exchange risk because of the translation of the amounts of liability denominated in foreign currency into the functional currency. These risks are monitored by the analysis of foreign currency position.

The foreign exchange risk mainly arises from the impact of rate changes in the translation of the Group’s foreign currency denominated borrowings which are obtained to fund capital expenditures in domestic and overseas operations (The risk is monitored in regular meetings). The Group maintains a certain portion of its excess cash and cash equivalents in foreign currency to minimize the currency risk exposure.

The Group’s risk management policy for currency risk is to maintain sufficient liquid assets for the anticipated cash flows of raw material purchase and borrowing repayment amounts in each major foreign currency for the subsequent 3 to 6 months. However, this policy should be revised by the management when deemed necessary, according to market conditions.

TRY equivalents of assets and liabilities denominated in foreign currencies at 30 June 2021 and 31 December 2020 are as follows:

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**NOTE 20- NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS
(Continued)**

Foreign currency risk (Continued)

	30 June 2021	31 December 2020
Assets	13,575,565	7,808,101
Liabilities	(2,407,472)	(1,909,742)
Net foreign currency position	11,168,093	5,898,359

Following exchange rates have been used in the translation of foreign currency denominated balance sheet items as of 30 June 2021: **8.7052** TRY= 1 US Dollar and **10.3645** TRY=1 Euro (31 December 2020: **7.3405** TRY= 1 US Dollar and **9.0079** TRY=1 Euro).

The table below summarizes of the Group's foreign currency risk as of 30 June 2021 and 31 December 2020. The foreign currency assets and liabilities which is held on by the Group are as follows:

30 June 2021	TRY Equivalent	USD	Euro	Other
1. Trade receivables	13,057,080	37,732	1,228,098	-
2a. Monetary Financial Assets (Cash, Banks included)	518,485	11,445	14,854	264,897
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	-	-	-	-
4. Current Assets (1+2+3)	13,575,565	49,177	1,242,952	264,897
5. Trade receivables	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8. Non-Current Assets (5+6+7)	-	-	-	-
9. Total Assets (4+8)	13,575,565	49,177	1,242,952	264,897
10. Trade Payables	2,407,472	112,963	137,402	-
11. Financial Liabilities	-	-	-	-
12a. Other Monetary Financial Liabilities	-	-	-	-
12b. Other Non-Monetary Financial Liabilities	-	-	-	-
13. Current Liabilities (10+11+12)	2,407,472	112,963	137,402	-
14. Trade Payables	-	-	-	-
15. Financial Liabilities	-	-	-	-
16a. Other Monetary Financial Liabilities	-	-	-	-
16b. Other Non-Monetary Financial Liabilities	-	-	-	-
17. Non-Current Liabilities (14+15+16)	-	-	-	-
18. Total Liabilities (13+17)	2,407,472	112,963	137,402	-
19. Net asset / liability position of off-balance sheet derivatives (19a-19b)	-	-	-	-
19a. Off-balance sheet foreign currency derivative assets	-	-	-	-
19b. Off-balance sheet foreign currency derivative liabilities	-	-	-	-
20. Net foreign currency asset liability position (9-18+19)	11,168,093	(63,786)	1,105,550	264,897
21. Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	11,168,093	(63,786)	1,105,550	264,897
22. Fair value of foreign currency hedged financial assets	-	-	-	-

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NOTE 20 - NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS
(Continued)

Foreign currency risk (Continued)

31 December 2020	TRY Equivalent	USD	Euro	Other
1. Trade receivables	7,540,425	53,847	793,211	-
2a. Monetary Financial Assets (Cash, Banks included)	- 267,676	- 6,730	- 98	- 217,391
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	-	-	-	-
4. Current Assets (1+2+3)	7,808,101	60,577	793,309	217,391
5. Trade receivables	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8. Non-Current Assets (5+6+7)	-	-	-	-
9. Total Assets (4+8)	7,808,101	60,577	793,309	217,391
10. Trade Payables	1,866,580	141,311	92,062	-
11. Financial Liabilities	-	-	-	-
12a. Other Monetary Financial Liabilities	-	-	-	-
12b. Other Non-Monetary Financial Liabilities	-	-	-	-
13. Current Liabilities (10+11+12)	1,866,580	141,311	92,062	-
14. Trade Payables	43,162	5,880	-	-
15. Financial Liabilities	-	-	-	-
16a. Other Monetary Financial Liabilities	- -	- -	- -	- -
16b. Other Non-Monetary Financial Liabilities	- -	- -	- -	- -
17. Non-Current Liabilities (14+15+16)	43,162	5,880	-	-
18. Total Liabilities (13+17)	1,909,743	147,191	92,062	-
19. Net asset / liability position of off-balance sheet derivatives (19a-19b)	-	-	-	-
19a. Off-balance sheet foreign currency derivative assets	-	-	-	-
19b. Off-balance sheet foreign currency derivative liabilities	-	-	-	-
20. Net foreign currency asset liability position (9-18+19)	-	-	-	-
21. Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	- 5,898,359	- (86,614)	- 701,247	- 217,391
22. Fair value of foreign currency hedged financial assets	-	-	-	-

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**NOTE 20 - NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS
(Continued)**

Foreign currency risk (Continued)

The Group is exposed to foreign currency risk of US Dollar, Euro, and other foreign currency.

30 June 2021

	Profit/(Loss)	
	Foreign currency appreciations	Foreign currency depreciations
If the US dollar had changed by 20% against the TRY		
USD net (liabilities)/assets	(111,054)	111,054
Hedging amount of USD	-	-
USD net effect on (loss)/income	(111,054)	111,054

If the EUR had changed by 20% against the TRY

Euro net (liabilities)/assets	2,291,695	(2,291,695)
Hedging amount of Euro	-	-
Euro net effect on (loss)/income	2,291,695	(2,291,695)

**If other foreign currency had changed by
20% against the TRY**

Other foreign currency net (liabilities)/assets	52,979	(52,979)
Hedging amount of other foreign currency	-	-
Other foreign currency net effect on (loss)/income	52,979	(52,979)

31 December 2020

	Profit/(Loss)	
	Foreign currency appreciations	Foreign currency depreciations
If the US dollar had changed by 20% against the TRY		
USD net (liabilities)/assets	(127,158)	127,158
Hedging amount of USD	-	-
USD net effect on (loss)/income	(127,158)	127,158
If the EUR had changed by 20% against the TRY		
Euro net (liabilities)/assets	1,263,351	(1,263,351)
Hedging amount of Euro	-	-
Euro net effect on (loss)/income	1,263,351	(1,263,351)
If other foreign currency had changed by against the TRY		
Other foreign currency net (liabilities)/assets	43,454	(43,454)
Hedging amount of other foreign currency	-	-
Other foreign currency net effect on (loss)/income	43,454	(43,554)

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NOTE 21 - FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING)

30 June 2021	Financial assets measured at amortized cost	Financial liabilities measured at amortized cost	Financial assets at fair value through other comprehensive income	Carrying Value	Note
Financial assets					
Cash and cash equivalents	13,482,699	-	-	13,482,699	-
Trade receivables from non-related parties	51,027,545	-	-	51,027,545	5
Trade receivables from related parties	186,911,882	-	-	186,911,882	19
Other receivables from non-related parties	12,972,953	-	-	12,972,953	-
Other receivables from related parties	-	-	-	-	-
Derivative Financial Assets	-	-	-	-	-
Financial investments	107,308	-	313,923	421,231	-
Financial liabilities					
Financial borrowings	-	16,727,949	-	16,727,949	4
Trade payables ton on-related parties	-	56,590,436	-	56,590,436	5
Trade payables to related parties	-	128,024,972	-	128,024,972	19
Employee benefit payables	-	9,722,566	-	9,722,566	11
Other payables to non-related parties	-	16,784,511	-	16,784,511	-
Other short-term liabilities	-	16,958,171	-	16,958,171	-

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NOTE 21 - FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING) (Continued)

31 December 2020	Financial assets measured at amortized cost	Financial liabilities measured at amortized cost	Financial assets at fair value through other comprehensive income	Carrying Value	Note
Financial assets					
Cash and cash equivalents	4,591,178	-	-	4,591,178	-
Trade receivables from non-related parties	53,441,846	-	-	53,441,846	5
Trade receivables from related parties	169,376,055	-	-	169,376,055	19
Other receivables from non-related parties	12,425,299	-	-	12,425,299	-
Other receivables from related parties	8,328,313	-	-	8,328,313	19
Financial investments	104,565	-	313,923	418,488	-
Financial liabilities					
Financial borrowings	-	18,685,984	-	18,685,984	
Trade payables to non-related parties	-	59,163,429	-	59,163,429	5
Trade payables to related parties	-	74,509,525	-	74,509,525	19
Employee benefit payables	-	3,326,725	-	3,326,725	11
Other payables to non-related parties	-	5,422,700	-	5,422,700	-
Other short-term liabilities	-	12,340,127	-	12,340,127	-

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**NOTE 21 - FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND
EXPLANATIONS ON HEDGE ACCOUNTING) (Continued)**

Fair value of financial instruments

The fair value of financial assets and liabilities is assigned as below:

- Level 1: the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- Level 2: the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions; and
- Level 3: the fair value of the financial assets and financial liabilities are determined where there is no observable market data.

NOTE 22 - EVENTS AFTER REPORTING PERIOD

Approval of Financial Statements

The consolidated financial statements for the period ended 30 June 2020 were approved by the Board of Directors on 18 August 2020.

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